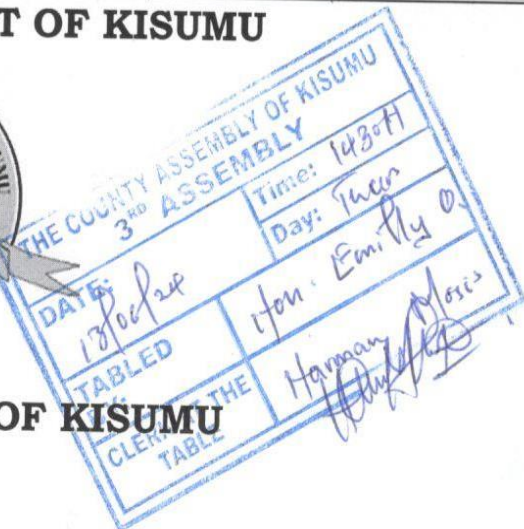


COUNTY GOVERNMENT OF KISUMU



COUNTY ASSEMBLY OF KISUMU

THIRD ASSEMBLY

SECOND SESSION

MEDICAL SERVICES, PUBLIC HEALTH AND SANITATION COMMITTEE

**REPORT ON
THE FINANCIAL MANAGEMENT CONCERNS IN THE COUNTY
HEALTHCARE SYSTEM: CASE OF AUDIT REPORTS BY PIC/PAC
COMMITTEE**

**Presented by;
Hon Vincent Jagongo,
Chairperson.**

June, 2024

**Clerk's Chambers
County Assembly Buildings
Kisumu, Kenya**

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ABBREVIATIONS

MSPH&SC	:	Medical Services, Public Health and Sanitation Committee
CECM	:	County Executive Committee Member
MOH	:	Ministry of Health

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1. Correspondences
2. Committee minutes
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CHAIRPERSONS FORWARD

Hon Speaker,

The Committee's attention was drawn to cases of potential financial mismanagement that were brought to light by the reports of the Auditor General as tabled before the County Assembly by the Select Committee on PIC/PAC. These reports have raised concerns regarding the financial management within our county healthcare facilities.

These concerns stemmed from the unrecommended audit opinions; adverse opinion from Muhoroni and Chulaimbo, and disclaimer opinion from Ahero, Kombewa, Nyakach and Lumumba, and showed significant issues questioning financial prudence in these facilities.

As such opinions suggested a systemic problem requiring immediate attention, the Committee underscored the critical role of sound financial management in a well-functioning healthcare system. Beyond skilled professionals and adequate facilities, financial resources must be managed effectively to ensure the well-being of our residents.

Invitation to appear before the Committee

At its meeting of Thursday 14th March, 2024, the Committee resolved that whereas the Committee on PIC/PAC grills the management of the facilities, there was need for a sit-down with the responsible officers to understand the reasons for such unrecommended opinions and to brainstorm possible concrete solutions that will actively work towards positive change in health service delivery.

The Committee invited the following officers to appear before it on Monday 18th March, 2024 at 2:00 p.m.

- i. Chief Officer, Medical Services, Public Health and Sanitation.
- ii. In-Charges of County Referral Hospitals (JOOTRH and KCRH).
- iii. Medical Superintendents/In-charges of County Hospitals.

Observations

Hon Speaker,

From the submissions of the officers, the Committee observed the following to be the reasons behind the poor audit opinions;

1. **Lack of staffing**

THAT there's a shortage of qualified staff across various departments like accountants, procurement officers, and medical personnel.

2. **Financial management issues**

THAT the hospitals struggled with practices like budget allocation, expense documentation, and revenue collection.

3. **Asset management problems**

THAT almost all the hospitals lacked proper asset registers, title deeds for land, and knowledge of asset valuation procedures.

4. **Mismanagement of the hospital board of management**

THAT expired term of board of management, lack of meeting minutes, and unclear roles were prevalent in several hospitals.

5. **Communication breakdown**

THAT the officers had little knowledge about audit requirements, discrepancies in data submission between hospitals and auditors was also identified. The Committee also observed miscommunication between the department and the auditors.

6. **Infrastructural limitations**

THAT incomplete transition from national to county government and lack of title deeds led to issues with accessing resources and documentation.

7. **Staff unprofessionalism**

Notably, the following former Hospital Administrators Mr. Allan Duncan Omondi, former Chulaimbo County Hospital administrator and Mr. Josiah

Alai Ongai, former Nyakach County Hospital administrator, refused to surrender important files that were under their management during their time at the hospitals, which were required by the auditors.

8. **Non-compliance**

THAT almost all the facilities were found to have not complied with the requisite requirement of the International and/or MOH for the levels within which they are operating.

Recommendations

Hon Speaker,

As much as we may castigate the management of these facilities for the unrecommended opinions, we can all agree that from the submissions, some of the issues that led to such are beyond their control.

Having carefully analyzed the above, the Committee thus recommends;

1. **THAT** the department of Medical Services, Public Health and Sanitation should submit to this House a breakdown of the efforts made to secure title deeds for each facility currently lacking them. This information should include details on any applications submitted, roadblocks encountered and the planned next steps within one month of receipt of this report.
2. **THAT** in the forgoing, for any given audit period, the staff present at the facility during that time should be held accountable for the findings, regardless of subsequent transfers or reshuffles so as to take full responsibility of their actions and avoid blame games.
3. **THAT** the CECM for Medical Services, Public Health and Sanitation should initiate an inquiry into the allegations of failure to surrender hospital documents by the following former Hospital Administrators Mr. Allan Duncan Omondi, former Chulaimbo County Hospital administrator and Mr. Josiah Alai Ongai, former Nyakach County Hospital administrator. A

report on this investigation should be presented to the Assembly within one month of adoption of this report.

4. **THAT** to improve financial management at health facilities, the Committee implores on the Budget and Appropriations Committee to consider prioritizing the allocation of funds during this budget period to be used for recruitment of accountants and procurement officers to be deployed accordingly to assist health facilities with financial management tasks.
5. **THAT** the CECM for Finance and ICT should deploy at least one accountant per sub-county who will be responsible for overseeing and coordinating all financial reporting within the health facilities located within their jurisdictions.
6. **THAT** the department of Medical Services, Public Health and Sanitation should organize for regular training sessions for the management of the facilities on audit requirements to ensure better understanding of the same.
7. **THAT** the CECM for Medical Services, Public Health and Sanitation should establish in each facility, an internal audit committee who will be continuously evaluating and improving internal controls and financial practices while at the same time proactively identifying potential weaknesses and recommend corrective actions. This will ultimately strengthen the facilities' overall governance and risk management.
8. **THAT** the CECM for Medical Services, Public Health and Sanitation should develop and implement a clear and efficient procedures for handling expired medications so as to minimize storage of expired drugs and ensure patient safety.

Acknowledgment

Hon Speaker,

May I this opportunity to express my sincere gratitude to all the members and secretariat of this committee for their dedication throughout this entire exercise.

The committee also extends its appreciation to the Offices of the Speaker and the Clerk of the County Assembly of Kisumu for the unwavering support and show of goodwill which was invaluable in completing this exercise and producing this report.

Finally, the Committee offers its deepest gratitude to the Department of Medical Services, Public Health and Sanitation led by Dr. Gregory Ganda, and to the managements of our health facilities. Their cooperation throughout the exercise was equally essential.

This report, **Hon Speaker**, details the discussions held during the meeting with key personnel from the Department of Medical Services, Public Health and Sanitation and the management of the health facilities. It explores the identified challenges, potential solutions, and recommendations that is aimed at ensuring efficient financial management and a more robust healthcare system.

It is now my pleasure to move;

THAT, this House adopts the report of the Medical Services, Public Health and Sanitation, on the financial management concerns in the county healthcare system: case of audit reports by PIC/PAC committee.



Hon. Vincent Jagongo,
Chairperson.

CHAPTER ONE

1.1. PREFACE

1.1.1. Establishment and mandate of the Committee

Hon Speaker,

Medical Services, Public Health and Sanitation Committee was established pursuant to Orders Nos. 156, 158(3),193 of the Kisumu County Assembly Standing Orders.

1.1.2. Membership

The committee on Medical Services, Public Health and Sanitation Committee as was constituted vied the Selection Committee report of Wednesday 3rd April, 2024.

SRL NO.	NAME	POSITION
Members		
1.	Hon Vincent Jagongo	Chairperson
2.	Hon Emily Oginga	Vice Chairperson
3.	Hon Seth Okumu	Member
4.	Hon Nereah Okombo	Member
5.	Hon Kennedy Ooko	Member
6.	Hon Joachim Oketch	Member
7.	Hon Lumumba Owade	Member
Secretariat		
1.	Mr. Owen Ojuok	Clerk of the County Assembly
2.	Ms. Angelyne Obonyo	Clerk Assistant
3.	Mr. William Ogada	Sergeant-at-arm
4.	Ms. Jacklyne Otieno	Hansard Reporter

1.1.3. Committee mandates

The Committee executes its mandate in accordance with the provisions Orders No. 193(5) and the Second Schedule of the Kisumu County Assembly Standing Orders.

Orders No. 193(5) mandates the Committee to;

- (a) investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned departments;
- (b) study the programme and policy objectives of departments and the effectiveness of the implementation;
- (c) study and review all County legislation referred to it;
- (d) study, assess and analyze the relative success of the departments as measured by the results obtained as compared with their stated objectives;
- (e) investigate and inquire into all matters relating to the assigned departments as they may deem necessary, and as may be referred to them by the County Assembly;
- (f) to vet and report on all appointments where the Constitution or any law requires the County Assembly to approve, except those under Standing Order 187 (*Committee on Appointments*); and
- (g) make reports and recommendations to the County Assembly as often as possible, including recommendation of proposed legislation.

The Second Schedule further mandates the Committee to look into and investigate on;

All matters relating to County health services, including, in particular County health facilities and pharmacies, ambulance services, promotion of primary health care, licensing and control of undertakings that sell food to the public, cemeteries, funeral parlours and crematoria and refuse removal, dumps and solid waste disposal; housing; and sanitation.

CHAPTER TWO

2.1. LEGAL FRAMEWORK

Mr. Speaker and Honourable Members,

The following statute formed the legal framework pre, during and post this exercise.

2.1.1. Article 185(3) of the Constitution of Kenya, 2010

Legislative authority of county assemblies

- (3) A county assembly, while respecting the principle of the separation of powers, may exercise oversight over the county executive committee and any other county executive organs.

2.1.2. Section 8(1)(f) of the County Governments Act No.17 of 2012 Role of the county assembly

- 1) The county assembly shall -
- f. perform any other role as may be set out under the Constitution or legislation.

2.1.4. Kisumu County Assembly Standing Orders No. 193(second schedule)

Mandates the Committee to investigate and inquire into-

All matters relating to County health services, including, in particular County health facilities and pharmacies, ambulance services, promotion of primary health care, licensing and control of undertakings that sell food to the public, cemeteries, funeral parlours and crematoria and refuse removal, dumps and solid waste disposal; housing; and sanitation.

2.1.5. Kisumu County Assembly Standing Orders No. 193 (5) (g)

(5) The functions of a Sectoral Committee shall be to —

- (g) make reports and recommendations to the County Assembly as often as possible, including recommendation of proposed legislation.

CHAPTER THREE

BACKGROUND

Hon Speaker,

The Committee's attention was drawn to cases of potential financial mismanagement that were brought to light by the reports of the Auditor General as tabled before the County Assembly by the Committee on PIC/PAC. These reports have raised concerns regarding the financial management within our county healthcare facilities.

These concerns stemmed from the unrecommended audit opinions. These opinions included adverse opinions from Muhoroni and Chulaimbo, and disclaimer opinions from Ahero, Kombewa and Lumumba and showed significant issues questioning financial prudence in these facilities.

As such opinions suggested a systemic problem requiring immediate attention, the Committee underscored the critical role of sound financial management in a well-functioning healthcare system. Beyond skilled professionals and adequate facilities, financial resources must be managed effectively to ensure the well-being of our residents.

It is also alive to the fact that unrestrained financial mismanagement can have detrimental consequences for the healthcare system, including:

1. Reduced resources

Inefficient financial practices can divert resources away from critical areas such as medical supplies, equipment maintenance, and staff training. This, in turn, can lead to a decline in the quality of care provided.

2. Erosion of public trust

When financial mismanagement is suspected, public confidence in the healthcare system suffers, which can lead to decreased utilization of services and hinder efforts to improve public health outcomes.

3. Limited ability to attract funding

External funding agencies often prioritize counties with sound financial practices. Unrecommended audit opinions can make it difficult to secure additional resources necessary to expand or improve healthcare services.

Hon Speaker,

The Committee held a meeting on Thursday 14th March, 2024 and resolved;

THAT whereas the Committee on PIC/PAC grills the management of these facilities, there was need for a sit-down with these officers so as to understand the genesis of these happenstances and forge a way forward towards improvement of the overall health service delivery.

The Committee thus established the following as the objectives of the meeting:

1. Understanding the root cause

The Committee aimed to delve deeper into the reasons behind the unrecommended audit opinions. By understanding the specific challenges faced by each facility, the Committee could develop targeted solutions.

2. Potential interventions for improvement

The Committee aimed to not only diagnose problems but to brainstorm possible concrete solutions that will actively work towards positive change in health service delivery.

Hon Speaker,

To achieve these objectives, the Committee resolved to invite the following key personnel to a meeting to appear before it and deliberate on the aforementioned subject areas.

- iv. Chief Officer, Medical Services, Public Health and Sanitation.
- v. In-Charges of County Referral Hospitals (JOOTRH and KCRH).
- vi. Medical Superintendents/In-charges of County Hospitals.

CHAPTER FOUR

SUBMISSIONS FROM THE OFFICERS

Hon Speaker,

The Officers, led by the CECM Dr. Gregory Ganda and his Chief Officer Dr. Ojwang' Lusi appeared before the Committee at its meeting held on Monday 18th March, 2024. The CECM submitted;

1. **THAT** it was the first time the County Hospitals were being audited,
2. **THAT** department had few accountants posted to some facilities in a two to three weeks rotational basis, who were fresh from the field and had very little or no experience on how the government works.
3. **THAT** the facilities lack procurement officers to handle the procurement processes.
4. **THAT** over the years, the recurrent allocations to the facilities have always been considered as imprest expected to be surrendered and thus the department had asked that all documents pertaining to current fees be surrendered to the department of Finance and ICT.
5. **THAT** at the time of auditing the Auditors assumed the facilities operate as independent entities and thus went to the facilities to audit without passing through the Chief Officer.
6. **THAT** at the time of auditing, there had been reshuffling of the medical superintendents and hospital administrators and the ones found were new and did not know the whereabouts of these documents.
7. **THAT** the Auditors therefore assumed that the documents were non-existent and captured them as not surrendered while the same had been surrendered and available at the department of Finance.

The Officers that represented the facilities had the following to submit;

Jaramogi Oginga Odinga Teaching and Referral Hospital (JOTRH)

The hospital received a qualified opinion, which they attributed to the following;

1. Inadequate human resource

THAT the Auditors established that the facility lack adequate number of staffs, specialists and even equipment requisite for its current status.

2. Incomplete transition from the National Government to County Government

THAT the national government had not fully transferred some assets, like vehicles, hindering access to logbooks for audits.

3. Absence of title deed for the land where the facility occupies.

4. Valuation of the hospital assets

THAT as at the time of audit, the hospital had only managed to value the land and buildings and had not been able to value other assets. This, high cost of valuing all assets within the hospital was cited as a barrier.

5. Waivers and exemptions

THAT Auditors questioned the hospital's authority to grant waivers and exemptions, a responsibility designated to the County Executive Committee for Finance by the Public Finance and Management Act.

Kisumu County Referral Hospital (KCRH)

The hospital received qualifies opinion which the management attributed to;

1. Delayed Funding from the County Treasury

THAT late disbursements from the County Treasury played a hand in the audit opinion.

2. Shortfall in Revenue Collection

Insufficient revenue collection led to a high number of outstanding bills.

3. Non-Compliance with International and MOH and standards

THAT the hospital failed to meet the requirements for a Level IV hospital designation.

4. Expired board of management term

THAT as at the year of audit, the hospital's board of management term had expired.

5. Weaknesses in cash collection practices were identified.

Kombewa County Hospital

The hospital received a disclaimer opinion which they attributed to;

1. Board members held meetings but there was no evidence. There were no files or minutes of the meetings.

2. Board Members met five times, more than the recommended four.

3. No profiles of Board members

THAT the documents pertaining to board members and their profiles are at the headquarters

4. Failure to meet the requirements of the status of the hospital i.e. shortage of staff. For example, the facility only has 35 nurses out of 100 required by international standards.

5. Lack of title deed for the land in which the facility sits

THAT auditors indicated that the hospital spent money without proper documentation but during that financial year, the facility was not having any budget as compared until 2022-2023 that they started having a budget which they utilise on after getting an A.I.E from the Chief Officer.

6. On non-disclosure of assets

THAT some assets within the hospital are owned by the National government and thus the facility does not have their documents.

7. Pending Bills

THAT during the audited financial year, the facility was unable to pay the support staff as it was struggling financially and operating beyond its reach. As at now the facility is up to date in payment of casuals.

8. **THAT** they did not know that even the logbooks for motor vehicles were supposed to be submitted to the auditors and did not include them in the documents they submitted.

Chulaimbo County Hospital

The hospital received an adverse opinion which they attributed to;

1. Documents flagged by the Auditors to not have been submitted had been surrendered to the department and were not at the facility when the Auditors visited the facility.
2. Preparation of the documents was a challenge due to lack of knowledge and basic training on the audit requirements.
3. No roaming accountant at the facility.
4. Some staff had been laid off but their payment overlapped to the financial year under audit and that is why it appeared as though the facility had paid more than they had budgeted for.
5. Expired term of office for the hospital's board of management
THAT the board's time had indeed expired but the facility was still using them at the time for the purpose of approval of the budget for A.I.E. The facility currently has a new board in the office.
6. Asset register not updated
Most assets were not quantified but the facility has however requested for valuation of the same.
7. Lack of title deed.
8. Failure to meet level 4 functionality
9. Lack of operation and radiology services. The facility oftentimes make referrals to KCRH and JOOTRH.
10. Former Hospital Administrator Mr. Allan Duncan Omondi did not hand over some files that were required by the Auditors.

Ahero County Hospital

The hospital received a disclaimer opinion which they attributed to;

1. Lack of accountant.

2. Weakness in procurement due to unavailability of qualified procurement officer
3. Long standing debts that the facility is unable to clear on time due to insufficient funds.
4. Undisposed expired pharmaceuticals in the store due to long disposal procedures.
5. Board members met twice in 2021/2022 but was paid in excess

Lumumba County Hospital

The hospital received a disclaimer opinion which they attributed to;

1. **NHIF declaration**

THAT the facility did not have a clear understanding of what the Auditors needed. The hospital declared what NHIF had reimbursed them but was later made to understand that they were required to declare every claim made to NHIF as revenue.

2. **Failure to open a FIF Account**

THAT the Auditors noticed that the hospital had no established audit committee. The management responded that they do not have the capacity to establish an audit Committee.

3. **THAT** the facility lacked land ownership documents like the title deed.

4. **THAT** there is non-compliance with gynae quality model for health for the hospital's current level.

5. **THAT** the hospital had huge standing pending Bills. The management noted however that the department is currently in the process of reviewing the pending Bills for purposes of payment.

Nyakach County Hospital-Pap Onditi

The hospital received a disclaimer opinion. The facility was represented by Mr. Abraham Abuto, the hospital administrator, who sat in for the Medical Superintendent.

From the engagement, the officer reported to be new in the facility (4 months) and had not enough information concerning the agendas of the day.

He submitted that one of the reasons for the audit opinion was;

THAT the former hospital Administrator, Mr. Josiah Alai Ongai, had refused to surrender some documents required, which were under their management during the audit period.

The Committee later got in touch with the Medical superintendent of the facility who pledged to submit a report to the committee regarding the subject matter.

Hon Speaker,

As at the time of writing this report, the Committee had not received the said submission from the Medical Superintendent for Nyakach County Hospital.

Muhoroni County Hospital

The hospital received an adverse opinion which they attributed to;

1. Human resource

Lack of professionals who understand financial figures and procurement guidelines.

2. Use of casuals in handling money

The facility does not have revenue clerks and therefore requests the revenue board to post such to the facilities to handle matters revenue collection.

3. Lack of experience and understanding of the financial accounting terms.

4. Underpayment of casual staff

Payment of casuals should be included in the budgets for the facilities so that they are able to meet the minimum wages required for casual.

5. Lack of assets and inventory registers

The facility was not able to determine the value of the land as a section of the land is contested.

6. NHIF the facility submitted the files for the payments received from NHIF while the auditors needed batches submitted to NHIF.

CHAPTER FIVE

OBSERVATIONS/CHALLENGES

Hon Speaker,

From the submissions, the Committee observed that the following challenges led to these audit opinions;

1. Lack of staffing

THAT there's a shortage of qualified staff across various departments like accountants, procurement officers, and medical personnel.

2. Financial management issues

THAT the hospitals struggled with practices like budget allocation, expense documentation, and revenue collection.

3. Asset management problems

THAT almost all the hospitals lacked proper asset registers, title deeds for land, and knowledge of asset valuation procedures.

4. Mismanagement of the hospital board of management

THAT expired term of board of management, lack of meeting minutes, and unclear roles were prevalent in several hospitals.

5. Lack of proper knowledge on audit requirements.

6. Communication breakdown

THAT the officers had little knowledge about audit requirements, discrepancies in data submission between hospitals and auditors was also identified. The Committee also observed miscommunication between the department and the auditors.

7. Infrastructural limitations

THAT incomplete transition from national to county government led to issues with accessing resources and documentation.

8. Staff unprofessionalism

Notably, the following former Hospital Administrators Mr. Allan Duncan Omondi, former Chulaimbo County Hospital administrator and Mr. Josiah

Alai Ongai, former Nyakach County Hospital administrator, refused to surrender important files that were under their management during their time at the hospitals, which were required by the auditors.

Hon Speaker,

Having analyzed the submissions, the Committee categorized these challenges into three categories as below;

1. Management accountable for

- i. Financial management issues: This includes practices like expense documentation and revenue collection.
- ii. Asset management problems: Updating asset registers and following proper procedures for valuation fall.
- iii. Communication breakdown: Hospitals can improve communication with audit teams by seeking clarification on the requirements and ensuring proper data submission.
- iv. Poor documentation: Lack of minutes, files and lack of inventory and asset registers.

2. Department accountable for

Below are the challenges that were found to fall under purview of the department of MSPH&S

- i. Non-compliance: Almost all the facilities were found to have not complied with the requisite requirement of the International and/or MOH for the levels within which they are operating.
- ii. Board mismanagement: Untimely board renewals and lack of defined board member roles.
- iii. Staff unprofessionalism: Hospital Administrators' refusal to surrender documents that were under their management (Cases of Nyakach and Chulaimbo).

- iv. Lack of qualified staff: The department can address the shortage of staff like accountants and procurement officers by allocation or transfers within the department.
- v. Communication breakdown: The department can take the lead in providing clearer and more consistent guidelines and training on audit requirements for hospitals.
- vi. Infrastructure limitations (partially): If incomplete transition from national governance hinders resource access, the department can advocate for smoother handover processes.

3. Budgetary allocations required for

The following were identified to be challenges that require budgetary allocation to address;

- i. Lack of qualified staff: Hiring accountants, procurement officers, and medical personnel.
- ii. Infrastructure limitations: Completing the transition from national governance might involve budget allocation for resolving outstanding issues related to asset ownership and documentation.
- iii. Underpayment of casual staff: Allocating sufficient budget to ensure casual workers receive required minimum wage.
- iv. Asset valuation: Hospitals will require budget allocation for professional valuation of their assets, especially land with contested ownership (case of Muhoroni County Hospital).

CHAPTER FIVE

RECOMMENDATIONS

Hon Speaker,

It is not the first time the Committee is making recommendations about recruitment of staff and acquisition of title deeds for these facilities. The Committee established the same during its surveillance to the health facilities and made recommendations accordingly.

That notwithstanding, as much as we may castigate the management of these facilities for the unrecommended opinions, it's important to acknowledge that some of the root causes are beyond their immediate control and require collective effort from the County Assembly (during budgeting), the departments of Medical Services, Public Health and Sanitation and that of Finance and ICT Services.

All said, the Committee recommends as follows;

1. **THAT** the department of Medical Services, Public Health and Sanitation should submit to this House a breakdown of the efforts made to secure title deeds for each facility currently lacking them. This information should include details on any applications submitted, roadblocks encountered and the planned next steps within one month of receipt of this report.
2. **THAT** in the forgoing, for any given audit period, the staff present at the facility during that time should be held accountable for the findings, regardless of subsequent transfers or reshuffles so as to take full responsibility of their actions and avoid blame games.
3. **THAT** the CECM for Medical Services, Public Health and Sanitation should initiate an inquiry into the allegations of failure to surrender hospital documents by the following former Hospital Administrators Mr. Allan

Duncan Omondi, former Chulaimbo County Hospital administrator and Mr. Josiah Alai Ongai, former Nyakach County Hospital administrator. A report on this investigation should be presented to the Assembly within one month of adoption of this report.

4. **THAT** to improve financial management at health facilities, the Committee recommends prioritizing the allocation of funds during this budget period for the recruitment of accountants and procurement officers to be deployed accordingly to assist health facilities with financial management tasks.
5. **THAT** the CECM for Finance and ICT should deploy at least one accountant per sub-county who will be responsible for overseeing and coordinating all financial reporting within the health facilities located within their jurisdictions.
6. **THAT** the department of Medical Services, Public Health and Sanitation should organize for regular training sessions for the management of the facilities on audit requirements to ensure better understanding of the same.
7. **THAT** the CECM for Medical Services, Public Health and Sanitation should establish in each facility, an internal audit committee who will be continuously evaluating and improving internal controls and financial practices while at the same time proactively identifying potential weaknesses and recommend corrective actions. This will ultimately strengthen the facilities' overall governance and risk management.
8. **THAT** the CECM for Medical Services, Public Health and Sanitation should develop and implement a clear and efficient procedures for handling expired medications so as to minimize storage of expired drugs and ensure patient safety.

CHAPTER SIX

CONCLUSION

Hon Speaker,

It is now my pleasure on behalf of the committee, to present this motion:

THAT this House adopts a report of Medical Services, Public Health and Sanitation Committee on the financial management concerns in the county healthcare system: case of audit reports by PIC/PAC committee.

I call upon Hon ... to second.

ANNEXURES

ANNEX 1: CORRESPONDENCE

P.O Box 36-40100, Kisumu
Email: kisumunassembly@gmail.com



Email: owenojuok@gmail.com
Web: www.kisumunassembly.go.ke

County Assembly of Kisumu OFFICE OF THE CLERK

CAK/CGK/CS/CECMMSPH&S/2024(1)

7TH MARCH, 2024

The CEC Member,
Medical Services, Public Health and Sanitation
County Government of Kisumu



Thro'
County Secretary

Dear Sir,

RE: INVITATION TO APPEAR BEFORE THE COMMITTEE ON MEDICAL SERVICES, PUBLIC HEALTH AND SANITATION.

The above subject refers,

The Medical Services, Public Health and Sanitation Committee's attention has been drawn the unrecommended opinions from the reports of the Auditor General for the facilities.

These findings raise serious concerns about the financial management practices within our healthcare system. To address these issues and improve the overall health service delivery, the Health Committee, at its meeting held today 7th March, 2024, resolved to invite the following to a meeting at the County Assembly premises on Tuesday 18th March, 2023 starting 2:00 p.m.

1. Chief Officer, Medical Services, Public Health and Sanitation,
2. In-Charges of the County referral Hospitals (JOOTRH and KCRH)
3. Medical Superintendents/In charges of the County Hospitals

The agendas will be as follows;

1. **Reasons for the unrecommended opinions:** We will discuss the details of the adverse/disclaimer opinions received and identify the root causes for these findings in each hospital.
2. **Possible interventions by the Committee for improvement:** We will explore collaborative strategies between the County Assembly Health

Committee and the officers to enhance financial management practices in County Hospitals.

3. **Health Facilities Improvement Fund Act, 2021:** We will discuss challenges faced in operationalizing the Act and explore potential areas for review and amendments that can further strengthen its effectiveness.

Your participation and insights are crucial to finding solutions and ensuring efficient healthcare delivery in our County.

Kindly treat this matter with the urgency it deserves.

Sincerely,

OWEN OJUOK
CLERK OF THE ASSEMBLY.

Cc: - Hon Elisha Jack Oraro - Speaker of the County Assembly

ANNEX 2: COMMITTEE MINUTES



COUNTY GOVERNMENT OF KISUMU

COUNTY ASSEMBLY OF KISUMU

P.O BOX 86-40100, KISUMU

**MINUTES OF THE MEDICAL SERVICES, PUBLIC HEALTH AND
SANITATION COMMITTEE MEETING HELD ON MONDAY 18TH MARCH,
2024 AT 1530HRS IN THE COMMITTEE ROOM 1.**

MEMBERS PRESENT

- | | | |
|-------------------------------|---|-------------------------|
| 1. Hon Vincent Jagongo | - | Chairperson |
| 2. Hon Emily Oginga | - | Vice Chairperson |
| 3. Hon Nereah Okombo | - | Member |
| 4. Hon Seth Okumu | - | Member |
| 5. Hon Lumumba Owade | - | Member |
| 6. Hon Kennedy Ooko | - | Member |
| 7. Hon Joachim Oketch | - | Member |

Secretariat present

- | | | |
|-----------------------|---|-----------------|
| 1. Angelyne A. Obonyo | - | Clerk Assistant |
| 2. William Ogada | - | Serjeant at arm |
| 3. Jacklyne Otieno | - | Hansard |

In attendance

- | | | |
|--|---|-------------|
| 1. Dr. Gregory Ganda | - | CECM MSPH&S |
| 2. Dr. Ojwang' Lusi | - | C.O MSPH&S |
| 3. Medical Superintendents and in charges of health facilities | | |

MIN NO.19/CAK/MSPH&S/MAR/2024**PRAYER**

The meeting was called to order at 1505hrs by a word of prayer from the Chairperson, Hon Vincent Jagongo.

MIN. NO.20/CAK/MSPH&S/MAR/2024**PRELIMINARIES****i. Apology-**

No apology was registered.

ii. Communication from The Chairperson

The Vice Chairperson welcomed Members to the Committee's 4th meeting of the Third Session, held on Monday 18th March, 2024. He informed the meeting that the County Assembly Committee on PIC/PAC is in receipt of the Auditor General's reports of the Referrals and County Hospitals and the Opinions are not pleasing and the Committee therefore resolved to hold this meeting with attempts to identify the reasons for such and together make recommendations for improvement in the future.

MIN. NO.21/CAK/MSPH&S/MAR/2024**ADOPTION OF AGENDA**

The agenda was adopted as below;

1. Prayers.
2. Preliminaries.
 - i. Apologies.
 - ii. Communication from the Chair.
3. Adoption of the Agenda.
4. **Discussing details of the opinions received and identify the root causes for these findings in each hospital**
5. **Deliberating on the collaborative strategies for future improvement.**
6. **Deliberating on the challenges faced in operationalizing the FIF Act and explore potential areas for review and amendments that can further strengthen its effectiveness.**
7. Adjournment.

The agenda was adopted without amendment upon being proposed by Hon Joachim Oketch and seconded by Hon Lumumba Owade.

MIN.NO.22/CAK/MSPH&S/MAR/2024 DETAILS OF THE OPINIONS RECEIVED AND IDENTIFY THE ROOT CAUSES FOR THESE FINDINGS IN EACH HOSPITAL

The Chairperson invited the Clerk to read the opinions which were as follows;

SRL NO.	FACILITY	OPINION
1.	JOOTRH	Qualified
2.	KCRH	Qualified
3.	Muhoroni	Adverse
4.	Ahero	Disclaimer
5.	Kombewa	Disclaimer
6.	Lumumba	Disclaimer
7.	Chulaimbo	Adverse
8.	Nyakach	Disclaimer

It was noted that the Auditor flagged some issues that reflected on mere ignorance from the facilities;

1. Lack of filling
2. Inaccuracies in revenue
3. Inaccuracy in cash and cash equivalents balance
4. Variances between Financial Statements Amounts and Ledger Amounts
5. Anomalies in the statement of comparison of budget and Actual Amounts
6. Unlawful direct procurement of medical/clinical goods and services
7. Inaccuracies in the statement of cash flows
8. Lack of trial balances
9. Lack of information on the value of assets

The Chairperson thereafter gave the guests opportunity to respond on to the reasons for such;

Issues highlighted;

1. Lack of accountants in the facilities;
2. Former officers who were at the facilitates before redeployment refused to surrender documents

3. Some information is at the department with the Chief Officer but the Auditors went to the facilities
4. Valuation of Assets has not been done.
5. Staff unprofessionalism

MIN. NO.23/CAK/HBC/MSPH&S/2024 DELIBERATING ON THE COLLABORATIVE STRATEGIES FOR FUTURE IMPROVEMENT

The following were agreed upon as the collaborative strategies for future improvement;

1. Regular County Assembly Hearings: The Committee to hold regular hearings with the department to review financial management practices, procurement procedures, and staffing levels at health facilities. This transparency will identify potential issues before negative audits occur.
2. Joint Training Programs: The department to organize for a joint training program for health facility administrators on proper financial management practices, budgeting, and record-keeping.
3. Performance Audits: The facilities, through the department to submit performance audits that assess not just how funds are spent, but also how effectively they are used to improve healthcare services.
4. Deployment of accountants per sub county: the department to liaise with the department of finance and ICT to ensure there is deployed at least one accountant per sub county to help the facilities in matters reporting
5. Standardized Procurement Processes: The department to develop and implement standardized procurement processes for health facilities to ensure transparency and avoid irregularities.

MIN. NO.24/CAK/HBC/MSPH&S/2024 CHALLENGES FACED IN OPERATIONALIZING THE FIF ACT

Due to time constraint, the agenda was not discussed. As the people interacting majorly with the FIF Act, the Chairperson instructed the medsup and/in-charges to submit their recommendations for areas they feel need to be amended in the Act for consideration. The reports were to reach the Committee not later than Friday 22nd March, 2024.

MIN. NO.25/CAK/HBC/MSPH&S/2024 ADJOURNMENT AND DATE OF NEXT MEETING


There being no any other business for consideration, the meeting adjourned at 1505hrs. Date of next meeting and agenda to be communicated.

Minutes approved by;



.....
Hon Vincent Jagongo
Committee Chairperson

Date: _____



.....
Angelyne A. Obonyo
Committee Clerk

Date: _____



COUNTY GOVERNMENT OF KISUMU

COUNTY ASSEMBLY OF KISUMU

P.O BOX 86-40100, KISUMU

**MINUTES OF THE MEDICAL SERVICES, PUBLIC HEALTH AND
SANITATION COMMITTEE MEETING HELD ON WEDNESDAY 29TH MAY,
2024 AT 1100HRS IN COMMITTEE ROOM 1.**

MEMBERS PRESENT

- | | | |
|-------------------------------|---|-------------------------|
| 1. Hon Vincent Jagongo | - | Chairperson |
| 2. Hon Emily Oginga | - | Vice Chairperson |
| 3. Hon Nereah Okombo | - | Member |
| 4. Hon Joachim Oketch | - | Member |
| 5. Hon Seth Okumu | - | Member |

Secretariat present

- | | | |
|-----------------------|---|-----------------|
| 1. Angelyne A. Obonyo | - | Clerk Assistant |
| 2. William Ogada | - | Serjeant at arm |
| 3. Jacklyne Otieno | - | Hansard |

MIN NO.16/CAK/MSPH&S/MAY/2024

PRAYER

The meeting was called to order at 1125hrs by a word of prayer from the substantive Chairperson, Hon Vincent Jagongo.

MIN. NO.17/CAK/MSPH&S/MAY/2024

PRELIMINARIES

i. **Apology-**
No apology was registered.

ii. **Communication from The Chairperson**
The Chairperson welcomed Members to the Committee's 11th meeting of the Third Session, held on Wednesday 29th May, 2024.

MIN. NO.18/CAK/MSPH&S/MAY/2024

ADOPTION OF AGENDA

The agenda was adopted as below;

1. Prayers.
2. Preliminaries.
 - iii. Apologies.
 - iv. Communication from the Chair.
3. Adoption of the Agenda.
4. **Deliberation on the reports on;**
 - i. **Report on the proposal to amend the Kisumu County Health Facilities Improvement Fund Act, 2021 in accordance with the FIF Act, 2023**
 - ii. **Report on the financial management concerns in the county healthcare system: case of audit reports by PIC/PAC committee.**
5. Adjournment.

The agenda was adopted without amendment upon being proposed by Hon Seth Okumu and seconded by Hon Emily Oginga.

MIN.NO.19/CAK/MSPH&S/MAY/2024

DELIBERATION ON THE REPORTS ON THE PROPOSAL TO AMEND THE KISUMU COUNTY HEALTH FACILITIES IMPROVEMENT FUND ACT, 2021 IN ACCORDANCE WITH

**THE FIF ACT, 2023
AND REPORT ON THE
FINANCIAL
MANAGEMENT
CONCERNS IN THE
COUNTY
HEALTHCARE
SYSTEM: CASE OF
AUDIT REPORTS BY
PIC/PAC COMMITTEE.**

The Chairperson moved the agenda and invited the Clerk to take Members through summary of the reports.

After which the reports were adopted with few amendments which the Clerk was instructed to effect.

Members were thereafter asked to append their signatures on the adoption schedule

Resolution

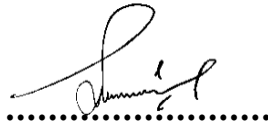
1. **THAT** the Clerk included the amendments proposed on the reports.
2. **THAT** the Clerk submits the reports to the House Business Committee for purposes of scheduling.

MIN. NO.20/CAK/MSPH&S/MAY/2024

**ADJOURNMENT AND
DATE OF NEXT
MEETING**

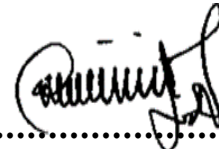
There being no any other business for consideration, the meeting adjourned at 1220hrs. Date of next meeting and agenda to be communicated.

Minutes approved by;



.....
**Hon Vincent Jagongo
Committee Chairperson**

Date: _____



.....
**Angelyne A. Obonyo
Committee Clerk**

Date: _____

ADOPTION SCHEDULE

We, members of the Committee on Medical Services, Public Health and Sanitation do here below declare that this report correctly captures the proceedings and recommendations of our deliberations as regards this subject matter and in witness thereof, we hereby append our signatures to adopt this report.

SRL NO.	NAME	POSITION	SIGNATURE
1.	Hon Vincent Jagongo	Chairperson	
2.	Hon Emily Oginga	Vice Chairperson	
3.	Hon Seth Okumu	Member	
4.	Hon Nereah Okombo	Member	
5.	Hon Joachim Oketch	Member	
6.	Hon Kennedy Ooko	Member	
7.	Hon Lumumba Owade	Member	